

**GOVERNMENT OF
THE VIRGIN ISLANDS OF THE UNITED STATES**

**Request for Proposal – Negotiation
Professional Services**

To:

Date: April 16, 2018

.....

RFP No. 014-2018 (P)

Pursuant to 31 V.I.C. 239 (a) (4) and Rules and Regulations thereunder issued, the Government of the Virgin Islands, herein after referred to as GVI, Department of Property and Procurement will receive proposals for the work described below. Proposals will be received no later than **Monday, April 30, 2018 @ 4:00 o'clock p.m.** Atlantic Standard Time.

DESCRIPTION OF WORK:

Qualified firms to provide Actuarial Services for Other Post-Employment Benefits (OPEB) for the Government of the Virgin Islands ("GVI").

SCOPE OF SERVICES: See Attached

NEGOTIATED PROCEDURES:

The Commissioner of the Department of Property and Procurement will appoint a Selection Committee to assist in the evaluation and selection of the Contractor. Accordingly current data on qualifications and performance should be submitted with proposals. After reviewing the qualifications and proposals the Committee will select for discussions from the firm/s or person/s considered not less than three (3), in order of preference, **deemed to be most highly qualified to provide the services herein required.** Discussions will be conducted successively and severally with the firms or persons so selected the anticipated concepts and the relative utility alternative methods of approach for furnishing the services hereunder.

FACTORS FOR DISCUSSIONS

Selection criteria will include (i) Professional qualification, registration and general reputation of principals of the firm or person; (ii) the extent to which the firm or person specializes in or has provided services of a type and scope similar to the hereunder; (iii) familiarity with the location (s) in which services will be performed; (iv) capability of meeting schedules; and (v) quality of performance on other similar projects.

NEGOTIATION:

The Selection Committee shall recommend to the Commissioner **the highest qualified firm or person with whom a contract shall be negotiated.** The Commissioner, with the assistance of the Selection Committee, shall attempt to negotiate a contract with such firm or person.

Should the Commissioner be unable to negotiate a satisfactory contract with the firm considered to be the most qualified, at a price he determines to be fair and reasonable to the Government, negotiations with that firm will be formally terminated. Negotiations will then commence with the second most qualified, the third most qualified or additional firms, in order of preference, and shall continue until an agreement is reached.

Lloyd T. Bough, Jr.
Commissioner
Property and Procurement

INSTRUCTION TO PROPOSERS

A. NOTICE

RFP-014-2018 (P) Qualified firms to provide Actuarial Services for Other Post-Employment Benefits (OPEB) for the Government of the Virgin Islands (“GVI”)

Information provided in the scope of work is to be used only for purposes of preparing a proposal. It is further expected that each bidder will read the scope of work thoroughly, for failure to meet certain specified conditions may invalidate the proposal.

The Government of the Virgin Islands, herein after referred to as GVI, reserves the right to reject any or all proposals or any portion thereof and to accept the proposal deemed most advantageous to GVI. Price shall not be the sole criterion of awarding this project. Scope and quality of work proposed and the ability of the bidder to complete this type of project shall also be considered.

Applicants are requested to submit proposals on the basis of the scope of work. Alternative proposals recommending new features and technology other than that requested in the scope of work will receive consideration providing such new features and/or technology is clearly explained. Any exceptions to the requirements requested herein must be clearly noted in writing and be included as part of the proposal.

The information contained herein is believed to be accurate, but is not to be considered in any way as a warranty. Request for additional information clarifying the Scope of Work should be directed in writing to **Deputy Commissioner of Procurement, Dynell R. Williams** at dynell.williams@dpp.vi.gov.

B. STATEMENT OF PURPOSE

To assist the Government of the Virgin Islands in meeting the requirement for the following services: **RFP-014-2018 (P) Qualified firms to provide Actuarial Services for Other Post-Employment Benefits (OPEB) for the Government of the Virgin Islands (“GVI”).**

C. PROPOSE SCOPE OF WORK

See Attached Scope of Services

D. TIMETABLE

1. Last day for request for written clarification will be **Thursday, April 19, 2018 @ 4:00 p.m.** Atlantic Standard Time.
2. Proposals will be accepted at Department of Property & Procurement, no later than **Monday, April 30, 2018 @ 4:00 p. m.** Atlantic Standard Time.

E. SUBMISSION OF PROPOSAL

All interested parties shall submit *one (1)* original and *five (5)* copy sets of proposals, which are to be delivered to the Department of Property and Procurement no later than **Monday, April 30, 2018 @ 4:00 p. m.** Atlantic Standard Time.

They shall be addressed to:

Lloyd T. Bough, Jr.
Commissioner
Property & Procurement
8201 Subbase, 3rd Floor
St. Thomas, Virgin Islands 00802

THE SEALED ENVELOPE CONTAINING THE PROPOSAL MUST HAVE THE FOLLOWING INFORMATION WRITTEN ON THE OUTSIDE OF THE ENVELOPE OR PACKAGE:

SEALED PROPOSALS-DO NOT OPEN

RFP-014-2018 (P)
(Name of Bidder)
(Mailing Address of Bidder)
(Telephone Number of Bidder)
(Fax Number of Bidder)

Where proposals are sent by mail, the bidder shall be responsible for their delivery to Department of Property & Procurement before the date and time set for the closing of acceptance of proposals.

F. WITHDRAWALS OF PROPOSAL

A proposal may be withdrawn at any time prior to the time specified as the closing time for acceptance of proposals. However, no proposal shall be withdrawn or canceled for a period of thirty (30) days after said closing time for acceptance of proposals nor shall the successful provider withdraw, cancel or modify the proposal, except at the request of GVI after having been notified that said proposal has been accepted by GVI.

G. INTERPRETATION OF SPECIFICATIONS

If any person contemplating submitting a proposal requires clarification of any part of the scope of work, he/she may submit to the GVI a written request for an interpretation thereof to the **Deputy Commissioner of Procurement, Dynell R. Williams**. GVI will not respond to questions received after the above established date. The person submitting the request will be responsible for its prompt delivery. Any interpretation of the scope of work will be made in writing to all prospective providers. Oral explanations will not be binding.

H. CONSIDERATION OF PROPOSAL

The Commissioner of Property and Procurement shall represent and act for GVI in all matters pertaining to the scope of work and contract in conjunction therewith. **This RFP does not commit GVI to the award of a contract, nor pay of any cost incurred in the preparation and submission of proposals in anticipation of a contract. GVI reserves the right to reject any or all proposals and to disregard any informality and/or irregularity in the proposal when, in its opinion, the best interest of GVI will be served by such action.** Proposals failing to provide some of the items in the scope of work shall not be rejected per se but any deviations from the scope must be clearly noted.

I. ACCEPTANCE OF PROPOSALS

GVI will notify in writing acceptance of one of the proposals. Failure to provide any supplementary documentation to comply with the respondent's proposal may be grounds for disqualification.

J. CONTENTS OF PROPOSAL

The following is a list of information to be included in the written proposal. Failure to comply with all the requirements as outlined, may disqualify the

applicant.

1. Introductory letter about the applicant:
 - a. Name, address, email and telephone numbers.
 - b. Type of service for which individual/firm is qualified.
2. Organization:
 - a. Names/addresses of Principals of Firm.
 - b. Names of key personnel with experience of each and length of time in organization.
 - c. Number of staff available for project. (Local & Off-Territory)
 - d. Copy of Articles of Incorporation
 - e. Copy of Certificate of Resolution
 - f. Copy of valid Business License
3. Outside consultants that will be retained for this project and percentage of work to be sub-contracted.
4. Project experience:
 - a. List of completed projects and estimated cost of each.
 - b. Current projects underway; scope; percentage completed to date and estimated cost of each.
5. Project References: (including a notarized written consent from the authorized representative which must include: name; telephone number; and email address).
6. Project Approach:
 - a. Describe how you will approach this project and availability to perform the services requested.
7. **Cost: Cost Proposal (*one (1) original and four (4) copy sets of proposals*) must be submitted in a separate sealed envelope.**

K. CONFLICT OF INTEREST

A proposer filing a proposal hereby certifies that no officer, agent or employee of GVI has a pecuniary interest in this proposal or has participated in contract negotiations on behalf of GVI; that the proposal is made in good faith without fraud, collusion, or connection of any kind with any other Bidder for the

same request for proposals; the Bidder is competing solely in its own behalf without connection with, or obligation to, any undisclosed person or firm.

L. LICENSE REQUIREMENT

An award will not be made to any firm or individual doing business in the Virgin Islands with the Government of the Virgin Islands until evidence is submitted that said firm or individual has a valid Virgin Islands Business License. Bidders must submit hard copy of a valid Virgin Islands Business License within ten (10) business days after award. All Bidders bidding as Joint Ventures must be licensed as a Joint Venture in the Virgin Islands.

M. REQUIRED DOCUMENTS

1. **PUBLIC LIABILITY:** The successful bidder will be required to obtain and have in place public liability insurance and other insurance necessary as requested in this proposal package. Insurance policy(ies) shall name the Government of the Virgin Islands as "**Additional Insured**". The public liability insurance shall have a minimum limit of not less than **one hundred thousand (\$100,000.00) dollars** for any one occurrence for death or personal injury and **one hundred thousand (\$100,000.00) dollars** for any one occurrence for property damage. Bidder must provide public liability insurance within ten (10) business days after award.
2. **WORKERS' COMPENSATION:** Within ten (10) business days after award of contract, the successful bidder must submit a copy of their certificate verifying his firm and agents are covered by Workers' Compensation Insurance.
3. **FAILURE TO PROVIDE THE CERTIFICATED WITHIN THE STATED TIME PERIOD MAY RESULT IN THE PROPOSAL DEEMED NON-RESPONSIVE AND MAY BE IMMEDIATELY DISQUALIFIED WITH NO FURTHER CONSIDERATION GIVEN FOR POTENTIAL AWARDING OF THE CONTRACT.**

N. REQUIREMENTS FOR CORPORATION

1. ARTICLES OF INCORPORATION
2. CERTIFICATE OF CORPORATE RESOLUTION
3. CERTIFICATE OF GOOD STANDING

THESE WILL BE REQUIRED PRIOR TO AWARD OF CONTRACT.

SCOPE OF SERVICES

Successful Bidder will work closely with the appropriate staff at the Department of Finance to adequately collect data, coordinate and facilitate the timely preparation and completion of the requisite actuarial valuation reports.

Successful Bidder will perform the October 1, 2017 actuarial valuation, which will produce the information required for the financial statements for the fiscal year ending September 30, 2018 ("full valuation"). **Successful Bidder** will also perform a one real roll-forward with a measurement date of Oct 1, 2018, which will produce the information required for the financial statements for the fiscal year ending September 30, 2019 ("roll-forward valuation").

For the full actuarial valuation as of October 1, 2017, **Successful Bidder** will provide the services described below.

- An actuarial valuation of the Government Employees' health care plan (including Dental and Life insurance benefits) shall be performed in compliance with Governmental Accounting Standards Board Statement (GASB) No. 45.
- Results and final report for the valuation shall be delivered by **Successful Bidder**, no later than four (4) weeks, after **Successful Bidder** has received complete and accurate data required for the valuation.
- Results shall be based on the agreed upon substantive plan, one set of actuarial assumptions and one actuarial cost method.
- **Successful Bidder** will review, but not audit, the submitted membership data files for overall reasonableness.
- Valuation report shall include calculations in compliance with GASB Statement No. 45 and the schedules required by such Statement.
- Valuation report shall contain sufficient explanatory text to permit a reasonable understanding of the actuarial assumptions, cost method and conclusions by those having fiduciary responsibility for the funding status of the plan. This shall include, but not be limited to, a summary of the plan, description of actuarial assumptions and cost methods, display of age groups and service matrices for active members and display of retired lives by age groups, and types of benefits.
- Presentation of the results via teleconference or similar medium.
- Assistance in responding to auditor inquiries.

For the roll-forward measurement as of Oct 1, 2018, **Successful Bidder** will provide the services described below.

- **Successful Bidder** shall deliver results letter, no later than four (4) weeks after the later of (a) **Successful Bidder** receiving notification that the auditors have accepted the full valuation report and results as of the previous fiscal year and (b) release by the insurer of claim reports for the fiscal year ending September 30, 2019.
- Results shall be based on the same substantive plan, the one set of actuarial assumptions and the one actuarial cost method used in the previous year's full actuarial valuation.
- Results letter shall include calculations in compliance with GASB Statement No. 45 and the schedules required by such Statement.
- Results letter shall contain sufficient explanatory text to permit a reasonable understanding of the actuarial assumptions, cost method and conclusions by those having fiduciary responsibility for the funding status of the fund. This shall include, but not be limited to, a summary of the plan, description of actuarial assumptions and cost methods, display of age groups and service matrices for active members and display of retired lives by age groups, and types of benefits. Such explanatory text may be included directly in the results letter or incorporation by reference, i.e. referring to the Oct 1, 2017 actuarial valuation report.

In addition, the following services will be added:

Rebuild a workable active data file given a change in the "base" file from the Division of Personnel (DOP) file to the Division of Finance (DOF) file.

The initial data work was based on using the DOP file provided by the Government and adding to it, as necessary, by extracting information from data files subsequently sent by DOF and the Employees' Retirement System of the Government of the Virgin Islands (GERS). The DOF file that will be sent to **Successful Bidder** is to now be considered the best available data file. As such, the active data file has to be recreated, using the DOF file, as the base file and the missing information will be extracted from the DOP and GERS files. To the extent missing information still exists, efforts will be made to extract that information from the data file used for the Oct 1, 2015 or previous valuation.

Upon completion of rebuilding the data file from the various sources, the file as a whole will be reviewed to ensure the data quality meets Actuarial Standards of Practice. If deemed to meet the Standard, it is incumbent on the Government and its auditors to review and approve **Successful Bidder** data-building procedures prior to the advancing to the next valuation stage.

GASB Liability Reduction Strategies:

There has been interest expressed by the Health Insurance Board and DOF in evaluating the impact on the GASB liability (and annual pay-as-you-go costs) of alternative retiree eligibility rules (and other strategies). *Successful Bidder* will cost the following scenarios.

1. Make the minimum retirement age 62 for everyone who has not already retired.
2. Currently, all retirees pay 35% of the premium cost after 10 years of service and age 50. As an alternative formula, have the Government pay 2% of the premium cost for each year of service, to a minimum of 65%. This new formula would be applicable for everyone who has not already retired. As another alternative, have the Government share be 65% for retirement at age 65, reducing by 1% or 2% per year for retirements prior to age 65. This new formula would be applicable for everyone who has not already retired.
3. Eliminate Retiree Dental entirely. This would be applicable for everyone (even people who have already retired).
4. Limit Retiree Dental to pre-65 Retirees. This would be applicable for everyone (even people who have already retired).
5. Change the premium sharing from 65/35 to 50/50 for all Active and Retired participants (including existing retirees).

In addition, *Successful Bidder* will cost some other changes that GERS has proposed to retirement eligibilities that would impact OPEB, as follows:

- Changing the retirement age of Tier 2 regular employees from 60 to 65 and removing the provision allowing retirement after 30 years of service regardless of age.
- Changing the retirement age of Tier 2 Class 3 employees to age 50 with 25 years of service or age 55 with 10 years of service and eliminating retirement at any age with 20 years of service.

Assuming there is no grandfathering, all members, even those on the cusp of retirement eligibility, would be impacted by these changes.

This work would not commence until after the Oct 1, 2017 valuation has been completed and will take approximately four (4) weeks.

Any other additional calculations related to proposed changes in the plan design or cost sharing would be at extra cost.

Note that GASB 4 requires a full valuation instead of a roll-forward if, since the previous valuation, significant changes have occurred in benefit provisions, the size or composition of the population covered by the plan, or other factors that impact long-term assumptions. Depending upon changes in the year subsequent to the full valuation, *Successful Bidder* reserves the right to make the determination whether another full valuation would be required under GASB 45. If determined to be required, the fees for a full valuation would be applicable.

Also, separating out the GASB liabilities for the “non-general fund” supported departments (i.e., UVI, Port Authority, VI Housing Finance Authority, VI Housing Authority, GERS, Lottery, PFA), as well as the following agencies that do receive General Fund support (i.e., JFLH, RLSH, VIWMA), would be out of scope work.

A draft valuation report is to be delivered by *Successful Bidder* for review by the Government and its auditors, but it will not be released with a finalized contract.